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20350 7590 06/21/2010 TOWNSEND AND TOWNSEND AND CREW, LLP TWO EMBARCADERO CENTER EIGHTH FLOOR SAN FRANCISCO, CA 94111-3834				
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1 UNITED STATES PATENT AND TRADEMARK OFFICE
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4 BEFORE THE BOARD OF PATENT APPEALS
5 AND INTERFERENCES
6

7
8 *Ex parte* CHARLES WHITAKER,
9 BRADLEY WINKING,
10 SCOTT DUNN, and
11 JIM JACKSON
12

13 Appeal 2009-011639
14 Application 10/675,929
15 Technology Center 3600
16

17
18 Decided: June 18, 2010
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22 Before ANTON W. FETTING, JOSEPH A. FISCHETTI, and
23 BIBHU R. MOHANTY, *Administrative Patent Judges*.
24 FETTING, *Administrative Patent Judge*.

25 DECISION ON APPEAL
26

1 STATEMENT OF THE CASE

2 Charles Whitaker, Bradley Winking, Scott Dunn, and Jim Jackson
3 (Appellants) seek review under 35 U.S.C. § 134 (2002) of a final rejection of
4 claims 1-27, the only claims pending in the application on appeal.

5 We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b)
6 (2002).

7 SUMMARY OF DECISION¹

8 We AFFIRM.

9 THE INVENTION

10 The Appellants invented a system and method for using financial
11 transaction processing networks to verify and/or process insurance related
12 information (Specification 1:10-12).

13 An understanding of the invention can be derived from a reading of
14 exemplary claims 1-3, 5, 11, 17, 19, and 22, which are reproduced below
15 [bracketed matter and some paragraphing added].

16 1. A method of verifying insurance coverage relating to a
17 member, comprising:

18 [1] receiving at a financial transaction processing computer
19 system a member identifier relating to the member;

¹ Our decision will make reference to the Appellants' Appeal Brief ("App. Br.," filed June 30, 2008) and the Examiner's Answer ("Ans.," mailed March 4, 2009), and Final Rejection ("Final Rej.," mailed January 29, 2008).

[2] searching a database to determine if the member identifier is valid; and

[3] transmitting from the financial transaction processing computer system authorization information.

2. The method of claim 1, wherein the financial transaction processing computer system comprises a credit card processing system.

3. The method of claim 1, wherein the member identifier is received in credit card number format.

5. The method of claim 4, wherein the individual code is received in a format relating to currency.

11. A method of verifying insurance coverage relating to a member, comprising:

[1] entering member identifier information into a credit card processing device;

[2] transmitting the information to a host computer system; and

[3] receiving authorization information at the processing device indicating whether the member has insurance coverage.

17. An insurance card, comprising:

[1] an account number in credit card number format;

[2] a machine-readable storage medium; and

[3] a list of covered members;

[4] wherein the insurance card comprises credit card stock.

19. A method of enrolling a member into medical coverage, comprising:

- 1 [1] receiving enrollment information from the member;
2 [2] assigning an account to the member, wherein the account
3 is in credit card format;
4 [3] assigning a code to each covered dependent of the
5 member, wherein each dependent's code is in currency format;
6 and
7 [4] producing a card for the member, wherein the card
8 comprises credit card stock.

9
10 22. A system for processing insurance information, comprising:

- 11 [1] a credit card processing network; and
12 [2] a host computer system;
13 [3] wherein the host computer system is programmed to
14 receive insurance information from a point-of-sale device via
15 the credit card processing network and verify coverage.
16

17 THE REJECTIONS

18 The Examiner relies upon the following prior art:

Pritchard	US 4,491,725	Jan. 1, 1985
Doyle, Jr.	US 5,070,452	Dec. 3, 1991
Freeman, Jr.	US 6,012,035	Jan. 4, 2000
Kenna	US 6,108,641	Aug. 22, 2000

19
20 Claims 19-21 stand rejected under 35 U.S.C. § 101 as being directed
21 towards non-statutory subject matter.

22 Claims 1-9, 11-12, 14-16, and 22-25 stand rejected under 35 U.S.C.
23 § 103(a) as unpatentable over Freeman and Pritchard.

Claims 10, 13, 19-20, and 26 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, and Doyle.

Claims 17-18 stand rejected under 35 U.S.C. § 103(a) as unpatentable over Pritchard and Doyle.

Claim 21 stands rejected under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, Doyle, and Kenna.

DISPOSITION OF THE APPEAL

The Examiner entered a new ground of rejection in the Examiner's Answer against claims 19-21 under 35 U.S.C. § 101 as being directed to non-statutory subject matter (Ans. 2-4). The Examiner properly gave notice of the new ground of rejection (Ans. 2-4) and the Technology Center Director approved it (Ans. 20). As the Answer indicated (Ans. 19-20), the Appellants were required to respond to the new grounds within two months in either of two ways: 1) reopen prosecution (*see* 37 CFR 41.39(a)(2)(b)(1)); or 2) maintain the appeal by filing a reply brief as set forth in 37 CFR 41.41 (*see* 37 CFR 41.39(a)(2)(b)(2)), "to avoid *sua sponte* dismissal of the appeal as to the claims subject to the new ground of rejection." (Ans. 19-20). According to the record before us, neither option appears to have been exercised.

Accordingly, the appeal as to claims 19-21, subject to the new ground of rejection under § 101 as being directed to non-statutory subject matter stands dismissed.

Upon return of the application to the Examiner, the Examiner should (1) cancel claims 19-21 subject to the new ground of rejection and (2) notify the

Appellants that the appeal as to claims 19-21, subject to the new ground of rejection under §101, as being directed to non-statutory subject matter, is dismissed and claims 19-21 are cancelled. *See* Manual of Patent Examining Procedure (MPEP) § 1207.03, 8th ed., Rev. 7, Jul. 2008.

ISSUES

The issue of whether the Examiner erred in rejecting claims 1-9, 11-12, 14-16, and 22-25 under 35 U.S.C. § 103(a) as unpatentable over Freeman and Pritchard turns on whether Freeman describes receiving a member identifier at a financial transaction processing computer system and transmitting authorization information from the financial transaction processing system.

The issue of whether the Examiner erred in rejecting claims 10, 13, 19-20, and 26 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, and Doyle turns on whether Freeman describes the currency format element of claim 10.

The issue of whether the Examiner erred in rejecting claims 17-18 under 35 U.S.C. § 103(a) as unpatentable over Pritchard and Doyle turns on whether Pritchard and Doyle describe limitations [1] and [3] of claim 17.

The issue of whether the Examiner erred in rejecting claim 21 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, Doyle, and Kenna turns on whether the Appellants provide any arguments in support of claim 21.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Facts Related to the Prior Art

Freeman

01. Freeman is directed to a device and method dedicated to effectuating the provision and management of a cooperative health care system in connecting with an integrated cooperative group of entities (Freeman 1:13-23).

02. Freeman describes that a qualified member is issued an electronic card by a financial institution providing a credit level to the member (Freeman 2:27-29 and 7:57-60). The financial institution indicates to providers whether the member is eligible to receive credit (Freeman 2:33-34 and 7:60-63). The member then visits a provider, such as a doctor, and the provider verifies that the member has coverage and credit by swiping the electronic card or by typing the member identification number into a computer terminal (Freeman 7:64-67 and 8:1). The eligibility and credit verification request is transmitted to the financial institution terminals (Freeman 8:1-4 and Fig. 2). The financial institution maintains a database of eligibility and this database is updated by insurance providers (Freeman 8:3-4). The provider requests an authorization code on whether the member is eligible or is likely to default on their bill such that the provider can decide whether to provide services (Freeman 2:29-32 and 8:8-11). After providing

services, the provider sends an electronic claim to the insurance provider, where the claim consists of diagnostic codes and treatment codes (Freeman 2:29-32 and 8:14-20). The insurance company notifies the financial institution to pay the claim (Freeman 2:34-41 and 8:21-25). The financial institution then bills the patient for the patient's share of the bill that was advanced by the financial institution (Freeman 2:45-46 and 8:26-28).

03. Insurance pay amount will always be \$0.00 when insurance payments are done manually (Freeman 37: MSF #25 Insurance Pay Amount). The patient pay portion is a dollar amount (Freeman 39: MSF #26).

Pritchard

04. Pritchard is directed to the evaluation of medical insurance coverage, the determination of claim payment schedules, and the processing of insurance payments (Pritchard 1:6-10).

05. Pritchard describes a system where a patient name and patient treatment codes are used to determine the patient's insurance carrier (Pritchard 3:39-43). A code conversion table is read for the selected patient's insurance carrier to translate the selected treatment code into the corresponding service code for the patient's insurance carrier (Pritchard 3:43-46). A file for claim payments is read to determine the claim payment for the service code and the determined claim payment is displayed (Pritchard 3:46-52).

06. Pritchard also describes the use of a MEDICARD, which is a plastic card corresponding to the size of a conventional credit card (Pritchard 5:18-22). The MEDICARD includes information printed on the surfaces on the card and electronically coded on the card's magnetic stripe (Pritchard 5:22-25). The information printed or electronically stored includes the patent's name, patient's insurance carrier, date of birth, and patient's MEDICARD number (Pritchard 5:25-32). The MEDICARD can be similar to a convention credit card or store greater information such as a smart card (Pritchard 5:66-67 and 6:1-4).

Doyle

07. Doyle is directed to a computerized insurance claim processing system that links a physician's office and insurance provider through a central administration computer (Doyle Abstract).

08. Doyle describes that a physician can communicate in real time with the administration computer in order to ascertain whether a given patient is on the roster of covered individuals for a given insurance plan, as well as whether a proposed treatment is reimbursable and the amount of the reimbursement (Doyle 2:10-16). An employer can add and delete persons to the roster of those insured (Doyle 2:26-28). The administration computer notifies the physician the dollar amounts of the coverage and whether a deductible amount or a co-payment apply (Doyle 5:57-62).

Kenna

09. Kenna is directed to data processing methods and apparatus for directing an account management system which incorporates master accounts with a plurality of nested subaccounts having a specific subset of individual properties, and especially to a system having at least one nested subaccount that is a Medical Savings Account (Kenna 1:12-19).

Facts Related To The Level Of Skill In The Art

10. Neither the Examiner nor the Appellants have addressed the level of ordinary skill in the pertinent art of electronic medical insurance claim processing. We will therefore consider the cited prior art as representative of the level of ordinary skill in the art. *See Okajima v. Bourdeau*, 261 F.3d 1350, 1355 (Fed. Cir. 2001) (“[T]he absence of specific findings on the level of skill in the art does not give rise to reversible error ‘where the prior art itself reflects an appropriate level and a need for testimony is not shown’”) (quoting *Litton Indus. Prods., Inc. v. Solid State Sys. Corp.*, 755 F.2d 158, 163 (Fed. Cir. 1985).

Facts Related To Secondary Considerations

11. There is no evidence on record of secondary considerations of non-obviousness for our consideration.

ANALYSIS

*Claims 1-9, 11-12, 14-16, and 22-25 rejected under 35 U.S.C. § 103(a)
as unpatentable over Freeman and Pritchard*

1 The Appellants first contend that (1) Freeman fails to describe
2 limitations [1] and [3] of claim 1 (App. Br. 6). We disagree with the
3 Appellants. Limitation [1] requires receiving a member identifier at a
4 financial transaction processing computer system. Limitation [3] further
5 requires transmitting authorization information from the financial transaction
6 processing system.

7 Freeman describes a healthcare management system where a member is
8 issued an electronic card by a financial institution (FF 02). The member
9 then visits a healthcare provider for services (FF 02). The provider swipes
10 the electronic card or enters the member identification number into a
11 computer terminal to request eligibility and credit verification information
12 (FF 02). The eligibility and credit verification request is transmitted to the
13 financial institution (FF 02). That is, the financial institution receives the
14 member identification number in a request to verify the member's eligibility
15 and credit. The financial institution returns an authorization code that
16 indicates whether the member is eligible for credit (FF 02). That is, the
17 financial processing center transmits authorization information. As such,
18 Freeman describes limitations [1] and [3] of claim 1.

19 The Appellants further argue that the cited prior art fails to describe a
20 computer that processes financial transactions being used to verify medical
21 insurance coverage (App. Br. 6). However, Freeman explicitly describes
22 that the financial institution processes insurance claims that require the
23 financial institution to make payments to a provider (FF 02). The financial
24 institution notifies providers of the member's credit and whether the
25 insurance coverage will cover the services provided by the provider (FF 02).
26 Freeman further describes that the financial institution uses terminals to

1 communicate with the provider and other systems (FF 02). That is, the
2 financial institution uses a computer to process transactions requested by the
3 insurance provider to pay the healthcare provider. The financial institution
4 also uses computer terminals to communicate with the providers whether the
5 member is eligible for credit. As such, that computer processes financial
6 transactions to verify medical insurance coverage.

7 The Appellants additionally contend that (2) Freeman fails to describe
8 the financial transaction processing computer system comprises a credit card
9 processing system, as required by claim 2 (App. Br. 7). We disagree with
10 the Appellants. As discussed *supra*, Freeman describes that a financial
11 institution issues a member an electronic card (FF 02). The electronic card
12 is used in determining whether the member is eligible for credit (FF 02).
13 Freeman also describes a financial transaction processing computer system,
14 as discussed *supra*. Since the issued electronic card is used in determining
15 whether to issue credit, the system is functionally a credit processing system.
16 As such, Freeman describes the limitations of claim 2.

17 The Appellants also contend that (3) Freeman and Pritchard fail to
18 describe the member identifier is received in credit card number format, as
19 required by claim 3 (App. Br. 17). We disagree with the Appellants. We
20 first note that claim 3 does not require any specific number format.
21 Therefore, claim 3 only requires a number format on the card that is used in
22 determining whether to issue credit. Freeman describes an electronic card
23 that includes member identification and the member identification is used in
24 determining whether to issue credit (FF 02). As such, Freeman describes an
25 electronic card that transmits a member identifier and a financial institution
26 receives a member identifier in a credit number format. Additionally,

1 Pritchard describes the use of a plastic card, MEDICARD, which
2 corresponds to the size of a credit card and contains member identification
3 information (FF 06). The MEDICARD can be a conventional credit card
4 (FF 06). As such, Pritchard explicitly describes transmitting a member
5 identifier in a conventional credit card.

6 The Appellants contend that (4) Freeman fails to describe the individual
7 code is received in a format relating to currency, as required by claims 5 and
8 12 (App. Br. 7-8). We disagree with the Appellants. Freeman describes that
9 insurance pay amounts will always be \$0.00 when insurance payments are
10 done manually (FF 03). Freeman further describes that patient pay amounts
11 are calculated in dollar amounts (FF 03). The explicit use of the term dollar
12 and the symbol for dollars describes that the currency of dollars is used in
13 the Freeman system. As such, Freeman describes the claims 5 and 12.

14 The Appellants further contend that (5) Freeman fails to describe
15 entering member information into a credit card processing device, as
16 required by claim 11 (App. Br. 8). We disagree with the Appellants. As
17 discussed *supra*, Freeman describes a member identification is entered
18 manually or by swiping an electronic card (FF 02). As also discussed *supra*,
19 Freeman describes that the member identification is received by a financial
20 institution which uses computer terminals to process credit transactions. As
21 such, the Appellants argument was not found persuasive in support of claim
22 1 *supra* and is not found to be persuasive here for the same reasons.

23 The Appellants also contend that (6) Freeman and Pritchard fail to
24 describe limitation [3] of claim 22 (App. Br. 8). We disagree with the
25 Appellants. Limitation [3] requires a point-of-sale device transmits

insurance information to a host computer for the host computer to verify member coverage. As discussed *supra*, Freeman describes that a provider swipes the member's electronic card and requests to verify the member's credit eligibility (FF 02). In this embodiment, the point-of-sale is at the provider and the computer terminals at the provider are the point-of-sale devices. Therefore, the provider computer terminals requesting member credit eligibility is the same as the point-of-sale requesting member eligibility. As such, Freeman describes limitation [3] of claim 22.

The Examiner did not err in rejecting claims 1-9, 11-12, 14-16, and 22-25 under 35 U.S.C. § 103(a) as unpatentable over Freeman and Pritchard.

Claims 10, 13, 19-20, and 26 rejected under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, and Doyle

The Appellants contend that Freeman fails to describe the currency format element and the Examiner has improperly failed to give patentable weight to the currency format element of limitation [3] of claim 19 (App. Br. 9). We disagree with the Appellants. As discussed *supra*, Freeman describes the use of the currency of dollars (FF 03). This argument was not found to be persuasive in support of claims 5 and 12, and is not found to be persuasive here for the same reasons. As such, even if giving patentable weight to the currency format element, we find that Freeman describes this element.

The Appellants further contend that claims 20-21 depend from independent claim 19 and are allowable for the same reasons. We disagree with the Appellants. The Appellants' arguments in support of claim 19 were

not found persuasive, and therefore are not found to be persuasive for claims 20-21 for the same reasons.

The Examiner did not err in rejecting claims 10, 13, 19-20, and 26 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, and Doyle.

*Claims 17-18 rejected under 35 U.S.C. § 103(a) as unpatentable over
Pritchard and Doyle*

The Appellants contend that Pritchard and Doyle fail to describe limitations [1] and [3] of claim 17 (App. Br. 10). We disagree with the Appellants. Limitation [1] requires an account number in credit card number format. Limitation [3] further requires a list of covered members. As discussed *supra*, Pritchard describes the use of a MEDICARD that is similar to a conventional credit card (FF 06). As such, Pritchard describes limitation [1]. Doyle describes that a provider can ascertain whether a given patient is on the roster of covered individuals for a given insurance plan (FF 08). The provider of insurance coverage, such as an employer, can add and subtract individuals from the roster of covered persons (FF 08). As such, Doyle describes a list or roster of covered members as required by limitation [3].

The Appellants further argue that Doyle fails to describe that the list is on the credit card (App. Br. 10). However, the Examiner relies on Pritchard to describe an insurance card and combines this insurance card with Doyle's description of the use of a roster of members that are insured. Therefore, the Appellants' contention does not persuade us of error on the part of the Examiner because the Appellants respond to the rejection by attacking the

references separately, even though the rejection is based on the combined teachings of the references. Nonobviousness cannot be established by attacking the references individually when the rejection is predicated upon a combination of prior art disclosures. *See In re Merck & Co. Inc.*, 800 F.2d 1091, 1097, (Fed. Cir. 1986).

The Examiner did not err in rejecting claims 17-18 under 35 U.S.C. § 103(a) as unpatentable over Pritchard, and Doyle.

*Claim 21 rejected under 35 U.S.C. § 103(a) as unpatentable over
Freeman, Pritchard, Doyle, and Kenna*

The Appellants have not argued this rejection in the Brief. We take this as indicating the Appellants have waived arguments as to this rejection and as such we summarily sustain the Examiner in rejecting claim 21 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, Doyle, and Kenna.

CONCLUSIONS OF LAW

The Examiner did not err in rejecting claims 1-9, 11-12, 14-16, and 22-25 under 35 U.S.C. § 103(a) as unpatentable over Freeman and Pritchard.

The Examiner did not err in rejecting claims 10, 13, 19-20, and 26 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, and Doyle.

The Examiner did not err in rejecting claims 17-18 under 35 U.S.C. § 103(a) as unpatentable over Pritchard, and Doyle.

The Examiner did not err in rejecting claim 21 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, Doyle, and Kenna.

DECISION

To summarize, our decision is as follows:

- The rejection of claims 1-9, 11-12, 14-16, and 22-25 under 35 U.S.C. § 103(a) as unpatentable over Freeman and Pritchard is sustained.
- The rejection of claims 10, 13, 19-20, and 26 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, and Doyle is sustained.
- The rejection of claims 17-18 under 35 U.S.C. § 103(a) as unpatentable over Pritchard, and Doyle is sustained.
- The rejection of claim 21 under 35 U.S.C. § 103(a) as unpatentable over Freeman, Pritchard, Doyle, and Kenna is sustained.

Upon return of the application to the Examiner, the Examiner should (1) cancel claims 19-21 subject to the new ground of rejection and (2) notify the Appellants that the appeal as to claims 19-21, subject to the new ground of rejection under §101, as being directed to non-statutory subject matter, is dismissed and claims 19-21 are cancelled.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED

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